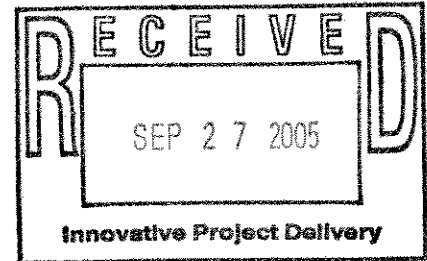




2700 Lee Highway
Bristol, VA 24202
Telephone
276/669-3400
FAX
276/466-0581

September 19, 2005

Mr. Charles E. Kostro, Program Mgr.
VDOT
Innovative Project Delivery Division
1401 East Broad Street
Richmond, VA 23219



Re: US Route 460 Coalfield Connector
Request for Information (RFI)

Dear Sir;

Rapoca Energy Company or its affiliate Pioneer Group Inc. is interested in forming a partnership with the Virginia Department of Transportation for the construction of the U.S. Rt. 460 Coalfields Connector route. Please consider this letter as a Statement of Interest from Rapoca/Pioneer as qualified and experienced with development and/or operation of highway facilities, or related development and heavy construction. Rapoca/Pioneer controls the coal reserves underlying the proposed route; therefore it is the only company capable of utilizing the removal of coal to help offset the construction cost. Rapoca/Pioneer believes that a carefully structured partnership could result in greater economic development, greater mobility, reduced environmental impacts and reduced costs for the project.

Based on existing core hole information, Rapoca/Pioneer believes that the potential exists to construct a significant portion of the highway along coal seams that could offset some of the cost of construction. Rapoca is presently surface mining within a few miles of the proposed route, and therefore has the ability and unique qualifications to move quickly assisting with this project. We believe that our preliminary studies show that further work would be justified. This would include core drilling, prospecting, and preliminary road alignment based on existing information.

The enclosed cost estimate should cover work and support necessary to determine the feasibility of this project. An estimated cost of connecting to Route 460 out of Kentucky or connecting to Route 80 at the Breaks or Route 609 at Bulls Gap has not been determined to date.

Respectfully,

A handwritten signature in dark ink, appearing to read "Clyde Stacy".
Clyde Stacy

RECEIVED

SEP 20 2005

Route 460 Connector, Estimate of Costs for Geotechnical Investigation, Property/Mineral Ownership Evaluation and Engineering
Date: 9/19/2005

Bull Gap area to Breaks area near Kentucky (estimate 5.3 miles)	Total
Geotechnical Investigation to determine coal thickness, quality and elevations.	
Dozer w/Operator @ \$80 per hour (roads, sites, regrade), 6 months = 960 hours X \$80 = \$76,800	\$76,800
Drill, Rotary @ \$8.5 per foot, plus casing, plus mobilization, 1 hole per 350 linear feet of roadway	
20,000 ft. @ 350 feet = 57 Holes, 57 holes X 120 feet deep = 6840 X \$8.5 = \$58,140 + (20% for casing & mob.) = Estimate \$69,768	\$69,768
E-log @ 0.60 per foot + \$400 mobilization (Marshal Miller) + \$55 evaluation per hole, estimate: \$4,104 + \$3,135 + \$3,200 = \$10,439	\$10,439
Permitting and Reclamation = \$2,000 + (25 Ac. @ \$1,200 = \$30,000)	\$32,000
Environmental protection (silt fence, straw bales, temporary vegetation)	\$10,000
Property Evaluation, Mineral and Surface, Courthouse records for 50 years, does not include complete title abstract	
15 Days @ \$300 per day = \$4,500	\$4,500
Engineering for overall coordination of drilling, evaluation of coal reserves, preliminary road alignment, mgmt of surveying	\$40,000
Vehicle, Support & Transportation of Personnel	\$7,000
Dozer/excavator for prospecting of coal seams to obtain channel samples	\$10,000
Laboratory Analysis of coal recovered by dozer/excavator prospecting	\$3,500
Drill and evaluate extent of deep mining on mountaintop surface mine area	\$10,000
Surveying, gps to flag for clearing then closed loop survey later for design and control	\$20,000
Upgrade access road from Beetree deep mine	\$3,000
Undetermined cost to evaluate connection with Kentucky 460 at Breaks, connection with Rt. 80 to Breaks Park and Rt. 609 at Bull Gap	
Totals	\$297,007